

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

KCS Medallion

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
[DD-Directional Drilling] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling  
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE  
P.O. BOX 1056  
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name

Signature

Title

Date

James Bruce

Attorney for Applicant

1/9/98

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

January 9, 1998

982-2151

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), KCS Medallion Resources, Inc. hereby applies for administrative approval of an unorthodox gas well location for the following well:

PDM Well No. 1  
860 feet FSL & 660 feet FWL  
§16, Township 19 South, Range 29 East, NMPM  
Eddy County, New Mexico

Attached as Exhibit A is a Form C-102 for the well. The well will be drilled to approximately 11,500 feet, to test the Morrow formation (Turkey Track-Morrow Gas Pool). Well spacing is 320 acres, with wells to be located no closer than 1650 feet from the end line and 660 feet from the side line of the unit. The S½ of Section 16 will be dedicated to the well, forming a standard 320-acre gas spacing and proration unit.

Attached as Exhibit B is a net isopach map of the Morrow "A" Sand. The general trend of the Morrow formation in this area is northwest-southeast. The map also illustrates that it generally takes more than 10 feet of net Morrow Sand to have a productive well: Most wells in the area that have 10 feet or less of porous sand are not commercial. Moving the well east from the proposed location, toward a more orthodox location, increases the chances of thinner and less porous sand. (The well in the SW¼SE¼ §16 had only 2 feet of net pay in the Morrow "A" Sand.) Drilling at the proposed location should enable the well to test approximately 13-14 feet of net sand, and substantially increase the chances of drilling a successful well.

Attached as Exhibit C is a land plat of the area. The offset operators are as follows:

S½ §17:

Southwest Royalties Inc.

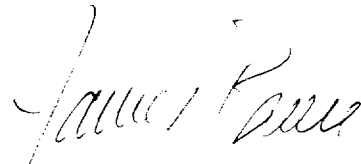
§§20 and 21 (Parkway West Unit):

UMC Petroleum Corporation

The information on the land plat is current and correct. Attached as Exhibit D is a copy of the notice letter sent to the offset operators on this date.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for KCS Medallion  
Resources, Inc.

DISTRICT II  
P.O. Drawer DD, Ardena, NY 06811-0719

**DISTRICT III**  
1090 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

# OPERATIONS REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name PDM	Well Number 1
OGRI# No.	Operator Name KCS MEDALLION RESOURCES, INC.	Elevation 3341

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	19 S	29 E		860	SOUTH	660	WEST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

### OPERATOR CERTIFICATION

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

## Measurement

Printed Name \_\_\_\_\_

Title

Date \_\_\_\_\_

### SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

DECEMBER 12, 1997

Date Surveyed 1 Feb 1964 JLF

SECRET

Professional Surveyor

RECEIVED - MEXICO

NE 100

328

1944-1945

97-115-011

\_\_\_\_\_

Certificate No. ... RONALD J. JOHNSON, 3239

PROFESSOR EIDSON, 12641

McDONALD, 12185

\_\_\_\_\_

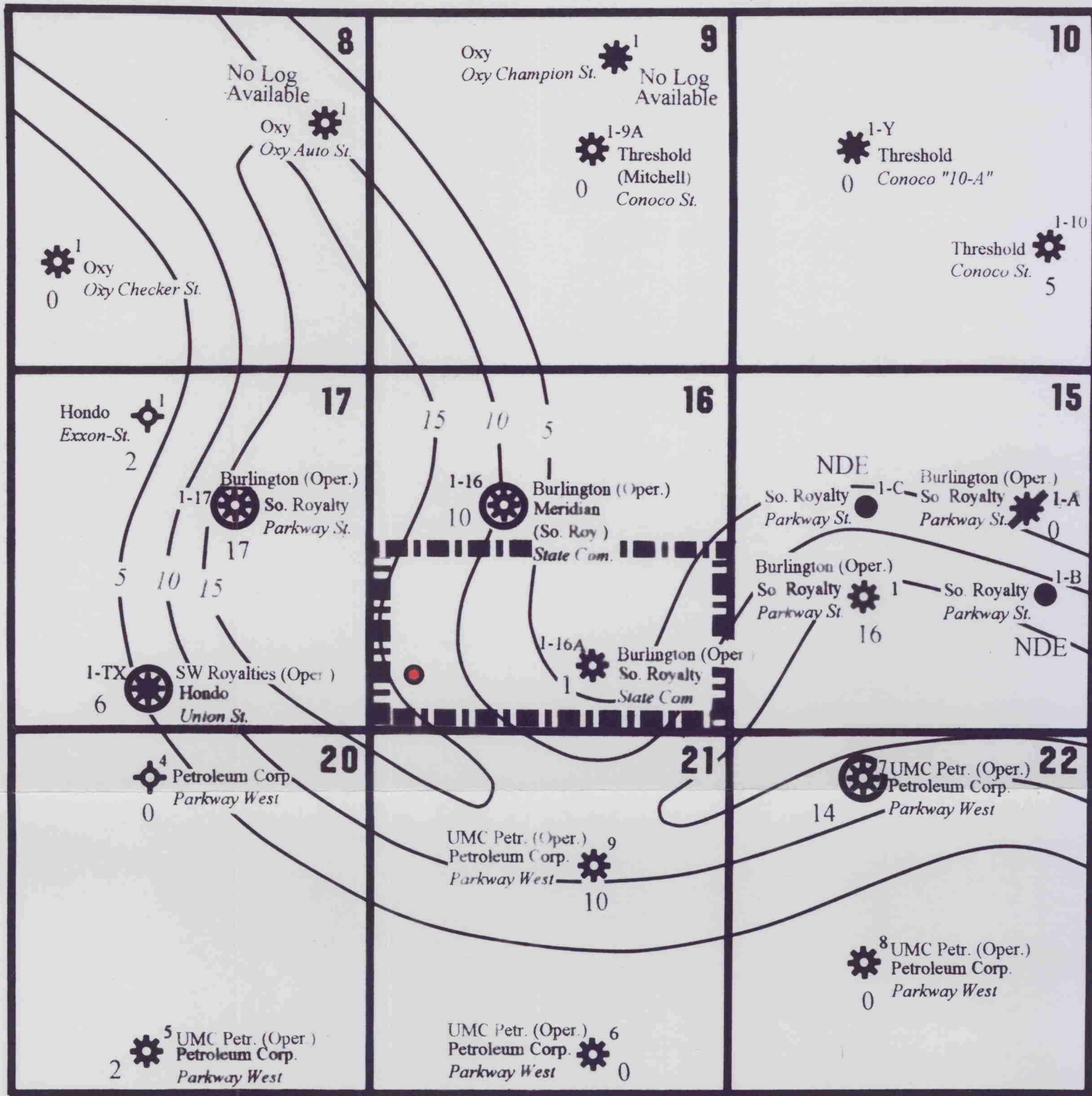
## EXHIBIT

A



R-29-E

T  
19  
S



**MORROW "A" SAND  
PRODUCTION**

**KCS** Medallion Resources, Inc.  
A KCS Energy Company

**PDM PROSPECT  
EDDY COUNTY, NEW MEXICO**

**NET ISOPACH  
MORROW "A" SAND**

Scale: 1"=2000'

By: W. A. Siruta

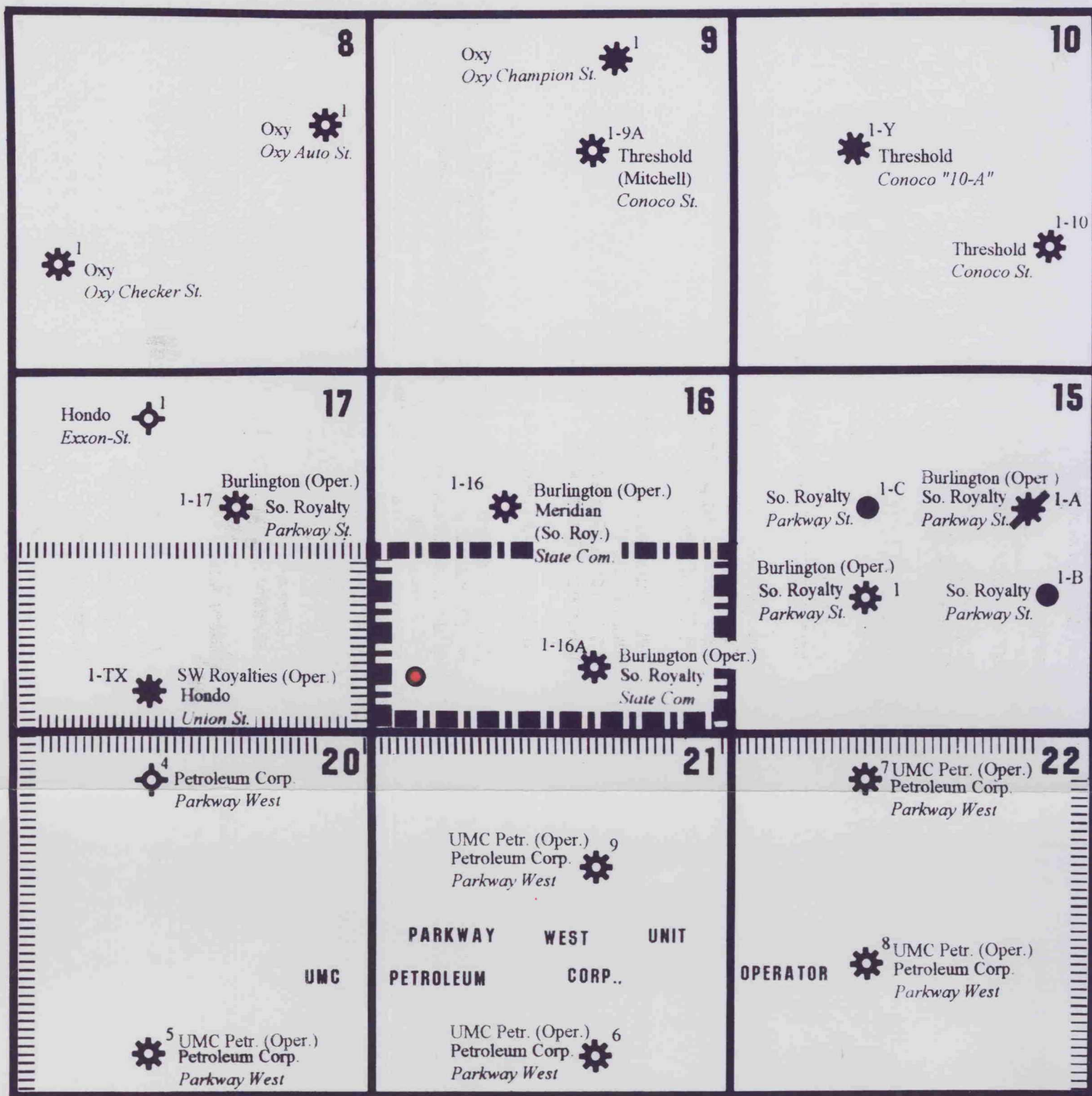
Date: 11/97

**EXHIBIT B**



# R-29-E

T  
19  
S



**KCS** Medallion Resources, Inc.

A KCS Energy Company

**PDM PROSPECT**  
**EDDY COUNTY, NEW MEXICO**  
**S/2 SECTION 16-19S-29E**

**UNORTHODOX LOCATION**  
**APPLICATION**

Scale: 1"=2000'

By: W. A. Siruta

Date: 11/97

**EXHIBIT C**

**JAMES BRUCE**  
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

January 9, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

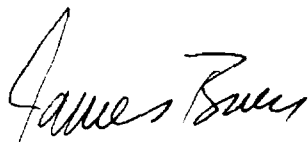
Southwest Royalties Inc.  
Suite 300  
407 North Big Spring  
Midland, Texas 79701

UMC Petroleum Corporation  
Suite 1400  
410 17th Street  
Denver, Colorado 80202

Ladies and Gentlemen:

On January 9, 1998, KCS Medallion Resources, Inc. filed an application at the New Mexico Oil Conservation Division seeking administrative approval of an unorthodox gas well location for the PDM Well No. 1, located in the S¼ of Section 16, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. A copy of the application is enclosed. KCS Medallion's records show that you own an interest offsetting the above well. If you object to the unorthodox location, you must notify the Division in writing no later than 20 days from the date of this letter. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Very truly yours,



James Bruce

Attorney for KCS Medallion  
Resources, Inc.

